

Improving the Skills of Our Current Workforce Executive Summary

We know that a skilled workforce is critical to maintaining our nation's productivity and economic competitiveness. As the workplace changes and jobs are restructured, workers require new knowledge and skills in order to retain employment or take advantage of new job opportunities.

The Workforce Boards of Metropolitan Chicago's *Improving the Skills of Our Current Workforce* report examines how the use of public resources to support incumbent worker training can benefit workers, employers, and our economy; how resources available through the Workforce Investment Act of 1998 (WIA) have been utilized for this purpose in the metropolitan Chicago region;¹ and why continued use of public resources for incumbent worker training is consistent with current goals and priorities of the Obama Administration. The report presents data on how six Workforce Boards in the metropolitan Chicago region have utilized WIA funds for incumbent worker training and why it makes sense to use public resources for this purpose.

"While the training was very specialized to the type of equipment that we have, the knowledge is applicable to other robotic systems as they have same or similar controls. Providing our employees the opportunity to acquire additional skills benefits not only the company but also provides increased career opportunities for these individuals. Without the Workforce Board's help, we would not have been able to offer the training to as many of our workers."

Andreas Miloczki
Pollmann North America, Inc.

- Approximately two thirds of the people who will be in Illinois' workforce in 2020 are already working adults. For currently employed individuals to take advantage of advancement opportunities or retain current jobs, many will require new or upgraded skills. In the metropolitan Chicago region, 65% of training grants upgraded workers' job specific, technical skills; 45% improved technology skills of workers; and 32% provided workers with a certification or credential.²
- Many employers lack the expertise to develop a training program or the knowledge of training providers that can assist them. This is especially true of employers with less than 100 employees. Overall, 57% of the employers receiving incumbent worker training grants utilized private for profit training providers and 44% used community colleges. Only 7% of employers used an in-house training capacity.³
- WIA incumbent worker training investments are tied to those sectors that drive the local economy. Sixty-one percent (61%)

of all training grants were awarded to manufacturers. This is especially significant given manufacturing represents almost 8% of the region's jobs and, even though improved, continues to experience high unemployment (11% as of December 2009). As manufacturing redefines itself in terms of products and processes, it is more important than ever to retool the skills of their current workers. Incumbent worker grants are helping manufacturers do this and avert the dislocation of additional workers.

"Through this program, we were able to provide the highest quality of training to our workers. The skills and abilities of our employees impact our bottom line – especially in this competitive economy. Investing in our workers enables us to grow our business and, as a result, increase our workforce."

Julie Boomsma
FKM USA, LLC

- Studies have documented that employers are more likely to invest in college graduate workers in high skill jobs rather than low-skill, entry-level workers; incumbent worker training programs help address this inequity. WIA investments of \$1.6 million leveraged employer contributions of over \$910,000 for employee training.
- Over the past 15 years, small businesses are credited with creating 65% of all new jobs. With federal incentives for small business innovation and expansion to support the creation of new jobs, small business will require additional assistance in providing their current workforce upgraded skills to oversee and perform these new jobs. Yet, small employers lack the revenue to invest in employee training. In terms of WIA incumbent worker training grants, 41% of employers receiving grants had over 100 employees while 37% had 1 to 50 employees and 22% had 51 to 99 employees.
- The incumbent worker program is an effective economic development tool. In assessing the benefit of incumbent worker training to employers, 90% of training grants increased the company's productivity through upgraded employee skills and 70% improved their overall competitiveness.

Investments in incumbent worker training programs are critical to addressing skill deficiencies of our current workers. Our nation's economic recovery cannot leave our current workforce behind; aggressive strategies for improving the skills of our nation's workers should be part of a comprehensive national workforce development policy.

¹ The metropolitan Chicago region includes the following areas: City of Chicago and Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, Livingston, McHenry, and Will counties. Data reflected in the report is for 6 of the 9 Workforce Boards in the region and does not include data for the City of Chicago or South Cook, DeKalb, Kane, and Kendall counties.

² A training grant may have resulted in more than one type of training outcome for workers.

³ A training grant may have used more than one type of training provider.